

ON THE HORIZON

JOHN STRACHEY TWENTY YEARS AFTER

The Sword Has Lost Its Edge

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LIKE thousands of others who grew up during the 1930's, I owe a certain debt of gratitude to John Strachey. It was he who taught me that what I took to be fundamental differences between democracy and fascism were actually only superficial, incidental features; all that mattered was that both systems were defenders of capitalism, and their apparent hostility was merely a reflection of "the capitalist crisis," an expression of those internal contradictions which doomed capitalism to extinction. The task of the hour was to fight fascism, but only the Communists were anti-fascist. Liberals and socialists had always fought principally to save the capitalist system: "it was the apostasy of almost every social democratic leader alone which prevented the workers from turning against the ruling classes under the hideous and ever-growing strain to which they were subjected." During capitalism's last convulsions and "the coming struggle for power" between fascists and Communists, all the rest of the political spectrum would be polarized. Though the day of the revolution was dawning, such institutions as the British Labor party and such individuals as G. D. H. Cole

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maintained their animosity to the leaders of the revolution, and from an objective, historical point of view, they were already pro-fascist.

This was not of course a position that Mr. Strachey held in isolation, but the importance of his role in disseminating it in the United States ought not to be underestimated. He was one of the very few Communist theorists to be reprinted in the Modern Library, and his popularity undoubtedly warranted this. For he had a wonderful talent, comparable almost to Churchill's or Koestler's, for discussing great political issues both seriously and in clear and forceful prose. In contrast particularly to the ponderous language of the Marxian classics on the one hand and the jargon and shibboleths of the usual party exegesis on the other, Mr. Strachey's style seemed sunlight and fresh air. The gloomy impact of his two major works was great enough, I think, to withstand even his own subsequent message that there was "hope in America" after all, written when a change in the party line had transformed Roosevelt from a proto-fascist menace to the courageous champion of anti-fascist progressives.

The son of an important Conservative publisher, Evelyn St. Loe John Strachey rebelled against his background while still an undergraduate and went through the leftish Independent Labor party into the Labor party itself, which eventually elected him to the House of Commons. There he became Sir Oswald Mosley's private secretary, and when Mosley bolted and formed his "New Party" in 1931, Strachey was one of the four Labor MP's to follow him. This was

before Mosley had become an avowed fascist, but Strachey's association with him (which he now calls the "sticky part" of his career) still indicates a certain lack of perspicacity on the part of a self-styled political expert. Shortly afterward, he joined the Communist party and began his most active period of literary production. He broke openly with the Communists in 1939, writing a book that denounced Russia's invasion of Finland in the strongest terms. Back again in the Labor party, he was appointed Under Secretary of State for Air and, later, Minister of Food. He aggravated the already considerable difficulties involved in the latter post by sponsoring the "ground-nuts scheme," which proved to be perhaps the most resounding failure in the postwar Labor record.* This was followed by what seemed, at a distance, retirement to the relative anonymity of rigid Labor conformism, in which he avoided contact with Bevan or Zilliacus as sedulously as he followed Gaitskell.

It came as a surprise to me to learn, then, that John Strachey had written another book, and one that was to be the first of a projected series in which he would once again review the economic systems of the modern world and show us how to tell good from evil.

STRACHEY's earlier books, especially *The Coming Struggle for Power*, will always remain classics of the "anti-fascist struggle,"

*The plan was to raise vast quantities of peanuts in East Africa and use them to alleviate the world shortage of fats immediately after the war. After a hurried survey of the area, more than 3.2 million acres were cleared and machinery was purchased all over the world. This equipment, however, proved to be unsuitable to the conditions found in East Africa, not the least of which was the total lack of a labor force able to use and care for the machines. The failure of the scheme derived from its very inception. In the words of Professor S. Herbert Frankel of Oxford, "The essence of the proposals affirmed that it was possible, desirable, and indeed urgently necessary, to do in five years what might normally be expected to take a generation or more." For those who remember Strachey's background, it is perhaps not fanciful to suggest that he was guided to some degree by the example of Stalin's forced collectivization of agriculture, when the difficulties of mechanizing a primitive agriculture were likewise "solved" by riding over them roughshod.

but this new one of his, *Contemporary Capitalism*,† will never, I am afraid, achieve comparable status. Whereas his specialty used to be presenting the party line in polished Oxford English, now that he is thinking for himself his metaphors lack wit and sometimes point, his sentences plod round in work-horse circles, and occasionally he even commits errors of grammar.§ Mr. Strachey makes no pretense to professional competence in economics; he sees himself as a popularizer of other men's analyses. But a popularizer who cannot write nearly so well as, say, Kenneth Galbraith, whom he quotes by the page, or Keynes, or Schumpeter, has lost his function altogether.

Curiously, the substance of Strachey's analysis has gone through fewer changes over the past twenty years than his style. He now believes firmly in the central importance of the democratic process and is thus opposed to Communism, but he has not permitted this change of view to penetrate his former position very deeply. The fundamental cleavage in the world is still that between socialism and capitalism. Fascism and Communism, while they are both forms of dictatorship and hence to some extent alike, are thus still basically opposed: fascism "conducts an economy in the latest stage of capitalism, while the communist form of this [totalitarian] method of Government conducts or controls a rudimentary form of socialized economy." Capitalism, inherently unstable as ever, has now reached its final stage. It will still convert itself into fascism unless the working class succeeds in estab-

†Random House, 374 pp., \$5.00.

§Consider the following passages, not chosen indeed at random, but representative nevertheless of the work as a whole: "The economists had studied, in a word, the relationship between each independent capitalist producer." "But what was perhaps their decisive move, the Homestead Legislation, by which the American people enjoyed access to free land, right up to the eighteen-nineties, succeeded." "No, the latest-stage capitalisms can only become more instead of less stable as a result of the democratic pressures upon them succeeding in more than counter-balancing their innate tendencies; as a result of these forces actually improving the distribution of the national income and providing adequate, alternative, and essentially social, motivations for investing in new capital goods, whether their use, when they have been made, is expected to be profitable or not."

lishing socialism first, either by the full extension of democracy or (presumably—the point is not made clear) by a successful socialist revolution. This built-in tendency of the capitalist system has been mitigated (and thus hidden from less astute observers) only by the operation of extraneous, non-economic forces. Thus Marx was essentially right in his over-all analysis; and if his labor theory of value and his doctrine of "immiseration" in particular cannot be judged to have been entirely correct, neither can we say that they were erroneous. Strachey's faith in Stalinism, the keystone of his old theoretical structure, has eroded away, but the building still stands, held together by maladroit dialectics, hope, and sheer inertia.

HE BEGINS his argument by contrasting 19th-century economic theory with 20th-century economic reality. According to the model constructed by Adam Smith, David Ricardo, and their successors, the price of any commodity is determined automatically in the market by competition among many producers. Actually, however, most important commodities are now manufactured mainly by a small number of giant firms that are able of their own accord to influence the price of the goods they sell. In the terminology of the economists, perfect competition has been largely replaced by oligopoly. It must be emphasized that the technical meaning of "competition" is narrower than what laymen understand by the word; what has changed, allegedly, is only "competition in the old real decisive sense of the word, namely price competition."

Strachey mentions in passing other forms of economic rivalry, but he does not include in his analysis the effect of these on the economy. While Fords and Chevrolets, for example, typically sell for the same price, this has not eliminated the effort of the Ford Motor Company to win customers away from General Motors. Competition remains very sharp when expressed in advertising or in the improvement of products and services. Moreover, the ability of giant corporations to control prices is decidedly limited. In an oligopolistic industry, the few large firms must take into account the small fry (Kaiser, Volkswagen, etc., etc.) who do offer price competition. And beyond this, inter-industry competition remains an important factor: if

the prices of automobiles go too high, prospective purchasers may decide to buy refrigerators instead.

Thus it is debatable whether the present limited control of prices within a market economy has brought about as basic a change in the capitalist system as Strachey claims. It can even be questioned whether the change he describes has taken place at all. Indeed, it is a commonplace of economic analysis that monopolistic tendencies have developed in recent decades, but the only proof typically offered to support this contention is the one that Strachey uses—the contrast with classical economic theory. Outside the theoretical construct of the economists, perfect competition never existed at any time; and the change from the real world of the 19th century has not been all in one direction.

In his lectures at the New School on industrial structure, Professor Alexander Pekelis used to point, only half-facetiously, to "the two worst monopolies in the United States," the Aluminum Company of America and—the school cafeteria, which was able to offer barely palatable food at good round prices because the nearest lunchroom was four or five blocks away. If the first type of monopoly has grown, the second type has almost disappeared. The enormous improvement in transportation and distribution services has all but eliminated the semi-isolated pockets within which each small producer or seller used to have a measure of monopolistic control. For example, the big grocery chains, which because of their very size one might assume to be fostering oligopoly, have in fact broken the virtually complete monopoly once enjoyed by the crossroads general store, that hoary symbol of old-style free enterprise. What increase there has been, on balance, in the entrepreneur's power to influence the price of his product would be very difficult to measure empirically, and Strachey does not attempt it.

HAVING stated without proof that there is a mounting tendency toward oligopoly, Strachey feels justified in predicting that the assumed trend will go on until it reaches its logical conclusion—the absolute monopoly of power of the fascist state. Here, however, the empirical evidence is not only not conclusive, it is just about non-existent. So far

as we can tell from the limited data we have, most of the numerous firms that enter any new industry do indeed die off, leaving a small number of giants and an unstable group of smaller competitors—but after that the pattern remains essentially static. For Strachey, however, the future development of the capitalist economy is quite clear, and he even goes so far as to say that “in Britain and America political life itself has fallen into the same pattern. Two great parties, and only two, confront each other in the political arena”! Yet Strachey himself must certainly know, not only that his observation lacks both historical depth and political sense, but that, in spite of arithmetic, a two-party system is much farther away from a totalitarian monopoly of political power than a thirty-seven-party system. It might also be worth his while to ponder whether the economic stability associated with oligopoly may not act as a brake on the supposed inherent tendency of the market system toward fascism.

This inherent tendency, according to Strachey's version of Marxist theory,* should be expressed in the increasing misery of the masses and the ever growing monopoly of state power by the owning class.

The polarisation of society . . . is Marx's essential subject matter. . . . Marx succeeded in demonstrating . . . why the free exchange of commodities had, by, say, 1840, undeniably produced not social harmony, but ever-growing inequality and social polarisation. . . . Marx cut his way through to the essential tendency of capitalism, which, however you express the point, is to channel the whole of its ever-growing surplus towards the owners of the means of production.

Let no one say that Strachey is not a courageous man; he is the first apologist for some time to attempt a full-dress substantiation of Marx's famous theory of “immiseration.”

*Marx's main point was that in capitalist society there is a long-term tendency for the rate of profit to fall, ultimately to zero, and the “immiseration” of the working class was in part a reflection of the mounting desperation of an owning class confronted by the disappearance of profits. Strachey passes over this, and understandably; for since by his analysis oligopoly now “enables firms to affect the level of their own profits,” this element of Marxian theory would merely have confused his argument.

tion.” But the theory remains as preposterous as it ever was.

The *main* social effect of industrialization in England was not to polarize society, but rather to break apart the vestigial feudal classes and create, first in political theory and then in reality, a nation of persons with undifferentiated civil status and legal rights. And in economic terms, early capitalism, hellish as it was, certainly did not *create* a “morass of destitution”; according to modern research, the average condition of life of the pre-industrial worker remained pretty much the same for a while after the introduction of the machine, and sometimes there was even an improvement. Though by 1883, the year of Marx's death, there was certainly a marked improvement, Marx, as Strachey points out, never withdrew or even modified his dogma of immiseration. And what of the state of the working class today? Strachey himself tells us that “in 1952 American ‘monopoly capitalism’ had unquestionably provided the majority of the American people with the highest standard of life ever reached by the human race at any time in any place.” In spite of this empirical evidence, however, “Marx was right in believing that . . . the capitalist system, *operating in the political and social environment which he alone knew*,† contained a strong tendency to hold down the wage-earners' standard of life to a subsistence level and so reserve the whole of the ever-growing surplus for the rich to spend or accumulate.”

Strachey attempts to resolve the paradox by offering two arguments: first, that the mass of the people have not usually received a larger share of the national income but have merely retained the same relatively small proportion of an increasing total; and secondly, that the general standard of living in capitalist countries has risen only through the operations of political democracy, which is a factor extraneous to capitalism and one that contradicts that system's tendencies. Both these arguments are worth examining in some detail.

The productivity of advanced capitalist

†The language is ambiguous, but the context indicates that Strachey means not that Marx was alone in knowing this, but that it was the only environment that Marx knew.

countries, over both depressions and prosperous periods, has increased by an average of about two per cent a year. Strachey maintains that, while the working class has benefited from this technical improvement, it has not been able to increase its share of the total. His evidence for this, however, consists of no more than one table showing how the national income of England was divided among various social classes between 1911 and 1938. It is true that the proportion paid out in wages remained constant over this period, at about 40 per cent of the total; but the proportion paid out in profit, interest, and rent *declined* considerably. The difference was paid out in *salaries*, rather than wages or profits, for during this period white-collar salaried jobs increased greatly in number. In other words, while the proportion of manual wage-workers in the labor force declined, their share of the total national income remained constant, which means that on the average wage-workers gained at the cost of other social classes. Strachey is able to "prove" his point only by defining "worker" as one who receives a *wage* rather than a *salary* (Marx, it will be recalled, defined the working class rather in terms of their relation to the means of production). But even with regard to wages, Strachey's evidence turns out to be fallacious.

As he himself points out, English "workers" have gained an important proportionate increase in income since 1938; and while precise data are not available for the earlier period, the proportionate increase from, say, 1840 to 1911 was certainly tremendous. Thus, if Strachey were to examine a longer period than the twenty-seven years he actually has chosen, he would find it impossible to maintain that the share of the national income allotted to the "workers" remained constant. And in any case, the discussion of class incomes in terms of the amount of money received before taxes is useful only for the purpose of making a biased case. "The only qualification to be borne in mind," Strachey warns us, is that the propertied classes in England have paid in taxes for "the bulk of such general national services as defense, police, administration, etc., some of which were, in my view, for the benefit of everybody." Included in that "etc.," it must be remembered, was also the

continuous improvement of the country's capital plant, which formed the basis of its steadily increasing productivity—and which was likewise for the benefit of everybody.

THUS, even Strachey's own inadequate data reveal that the share received by the working class has never fallen and has sometimes risen under industrial capitalism, yet the "tendency" of capitalism, he insists, is nevertheless to push wages down to subsistence level. If wages turn out to be higher than subsistence level, this is only because in the war against the capitalist devil the democratic angel has won an occasional battle. "Democracy and latest-stage capitalism undoubtedly pull in opposite directions. Their co-existence constitutes a state of antagonistic balance. They co-exist in the same way that the two teams in a tug-of-war co-exist upon the rope. Such a form of co-existence can hardly be permanent. One force must begin to gain, and at length to gain decisively, upon the other." Like any article of pure faith, this doctrine is difficult to dispute. It is offered in the face of all the evidence, and one cannot suppose that more evidence still—say, data on the historical trend of workers' incomes in the United States—would have any effect. Strachey's position, however, is not only anti-empirical but, in its own terms, illogical.

The capitalist system and political democracy, so far from being opposed forces, are parallel expressions of the revolution that overthrew medieval society. They emerged at the same time and developed by interaction. A multitude of buyers and sellers expressing their joint will through the mechanism of the market, or a multitude of voters declaring what they want through the mechanism of an election—the difference lies not in the kind of institution but in its purpose. The market is mainly economic, the election mainly political, but both are democratic.

While Strachey himself never says this in so many words, the essentially democratic nature of the market is implicit in the argument of his whole book. As he sees it, the danger signal, the harbinger of coming fascism, is precisely the narrowing of the market's function by the growth of oligopolies. As the entrepreneurial function is concentrated into fewer and fewer hands, he

tells us, the danger of fascism grows greater and greater, until finally the amalgamation is completed and all industrial works are united into one vast state enterprise. At this point, however—once we go from oligopoly to absolute monopoly—the economic system may no longer determine politics: it is not inevitable for a total concentration of economic power to lead to the totalitarian politics of fascism. We may instead pass through the looking-glass into socialism, where both monopoly and democracy are perfect by definition.

HERE Strachey's book ends. But having in the course of his argument criticized the occasional "crimes" and the much more frequent "mistakes" of the Soviet regime, and fearing that some of his readers might mistake him for a red-baiter, Strachey has added a five-page coda entitled "The Anti-Communist Obsession." In this epilogue Strachey complains that many of his colleagues in the Labor party struggle more fervently against the Communists than against the Conservatives (who have spent more on public housing, he himself mentions in passing, than the Labor party itself): "Nearly all democratic parties of the Left are in fact in danger of being deflected from their struggle with their real opponents on the Right; they are in danger of being deflected into fighting a defensive action on their left flanks. . . . It must not be supposed that lifelong and earnest socialists have thus been converted—as in effect they have been—

into conservatives either easily or without extreme provocation . . . [However] nothing would be more barren than to try to assess the blame for this development."

It is as though Strachey were in the process of rewriting his books of the 1930's, and then suddenly remembered that he had neglected to mention the doctrine of "social fascism," the infamous Stalinist thesis that socialists insofar as they opposed Communists were the equivalent of fascists. In this softer, later version, Strachey mentions the "extreme provocation" of the Communists as a factor behind socialist opposition to them, but fighting Communism still makes a socialist, in Strachey's eyes, into a "conservative." What this view means to Strachey himself in terms of day-to-day policy can be illustrated by one example. At the Annual Conference of the Labor party in 1954, Strachey spoke against the abandonment of Britain's bases in Cyprus, and offered this as his main argument: "If one visits the Middle East today, total abandonment by Britain of all her defence positions there, which would mean the wiping out of British influence from a defence point of view in that area, is by no means what the most progressive force in the Middle East would desire. For one thing, it would mean leaving a complete monopoly of military power in American hands in that area. . . ."

Here, then, is where John Strachey stands today. But I am happy to say that the weapons in his hands are not nearly as sharp as they once were.